



**THE MEDICAL UNIVERSITY OF SOUTH CAROLINA**

OMB Circular A-133 Reports

Year ended June 30, 2015

(With Independent Auditors' Reports Thereon)

# THE MEDICAL UNIVERSITY OF SOUTH CAROLINA

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**THE MEDICAL UNIVERSITY OF SOUTH CAROLINA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Research and Development Cluster*:		
U.S. Department of Commerce:		
Direct programs:		
National Institute of Standards and Technology	11.609	\$ 173,854
Other Federal Assistance	11.999	(346)
		<u>173,508</u>
Passed-through programs:		
South Carolina Sea Grant Consortium	11.999	(1,733)
		<u>(1,733)</u>
Total U.S. Department of Commerce		<u>171,775</u>
U.S. Department of Defense:		
Direct programs:		
Department of the Navy, Office of the Chief of Naval Research	12.300	174,909
U.S. Army Medical Command	12.420	5,166,712
U.S. Department of Defense	12.999	3,749
		<u>5,345,370</u>
Passed-through programs:		
Advanced Technology Institute	12.999	(135,373)
Charleston Research Institute	12.420	34,174
Clemson University	12.420	(1,477)
Institute for Molecular Neuroscience	12.420	(14,679)
Institute for Molecular Neuroscience	12.999	323,788
South Carolina Research Authority	12.420	(14,945)
South Carolina Research Authority	12.999	13,961
University of Alabama, Birmingham	12.420	42,631
University of Florida	12.420	23,140
University of Maryland	12.999	1,213
University of Pennsylvania	12.420	50,363
University of Virginia	12.420	94,038
Veterans Education and Research Association of Michigan	12.420	451,448
Veterans Medical Research Foundation	12.420	14,737
		<u>883,019</u>
Total U.S. Department of Defense		<u>6,228,389</u>
U.S. Department of Justice:		
Direct programs:		
Missing Children's Assistance	16.543	410,484
National Institute of Justice	16.560	47,430
		<u>457,914</u>
Passed-through programs:		
Johns Hopkins University	16.541	18,753
		<u>18,753</u>
Total U.S. Department of Justice		<u>476,667</u>

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Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
National Aeronautics and Space Administration:		
Direct programs:		
Aerospace Education Services Program	43.001	\$ (597)
Exploration	43.003	126,853
		<u>126,256</u>
Passed-through programs:		
College of Charleston	43.008	20,818
		<u>20,818</u>
Total National Aeronautics and Space Administration		<u>147,074</u>
National Science Foundation:		
Direct programs:		
Mathematical and Physical Sciences	47.049	126,657
Geosciences	47.050	(8,526)
Biological Sciences	47.074	(6,656)
		<u>111,475</u>
Passed-through programs:		
College of Charleston	47.050	30,436
University of South Carolina	47.079	29,672
University of South Carolina	47.081	592,229
		<u>652,337</u>
ARRA Passed-through programs:		
MFC Technologies, LLC	47.082	(311)
		<u>(311)</u>
Total National Science Foundation		<u>763,501</u>
U.S. Department of Veteran Affairs:		
Direct programs:		
U.S. Department of Veteran Affairs-Other Federal	64.999	2,252,314
Total U.S. Department of Veteran Affairs		<u>2,252,314</u>
U.S. Department of Energy:		
Direct programs:		
Advanced Research and Projects Agency Energy Financial Assistance Program	81.135	363,315
		<u>363,315</u>
Passed-through programs:		
South Carolina Universities Research and Education Foundation	81.114	(8,260)
South Carolina Universities Research and Education Foundation	81.121	1,670,247
		<u>1,661,987</u>
Total U.S. Department of Energy		<u>2,025,302</u>
U.S. Department of Education:		
Direct programs:		
National Institute on Disability and Rehabilitation Research	84.133	1,155,379
Graduate Assistance in Areas of National Need	84.200	100,622
Total U.S. Department of Education		<u>1,256,001</u>

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Year ended June 30, 2015

<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
U.S. Department of Health and Human Services:		
Direct programs:		
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	\$ 690,928
Maternal and Child Health Federal Consolidated Programs	93.110	749,708
Environmental Health	93.113	927,108
Oral Diseases and Disorders Research	93.121	2,431,023
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	2,910
Research Related to Deafness and Communication Disorders	93.173	3,625,942
Research on Healthcare Costs, Quality and Outcomes	93.226	956,189
Mental Health Research Grants	93.242	2,369,313
Alcohol National Research Service Awards for Research Training	93.272	17,603
Alcohol Research Programs	93.273	6,011,315
Drug Abuse and Addiction Research Programs	93.279	16,432,268
Mental Health National Research Service Awards for Research Training	93.282	(117)
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283	438,107
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	393,132
Minority Health and Health Disparities Research	93.307	303,283
National Center for Advancing Translational Sciences	93.350	3,307,574
Nursing Research	93.361	1,051,643
Cancer Cause and Prevention Research	93.393	2,069,673
Cancer Detection and Diagnosis Research	93.394	(24)
Cancer Treatment Research	93.395	3,376,187
Cancer Biology Research	93.396	3,382,225
Cancer Centers Support Grants	93.397	1,998,651
Cancer Research Manpower	93.398	763,405
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	155,429
Cardiovascular Diseases Research	93.837	5,572,252
Lung Diseases Research	93.838	5,981
Blood Diseases and Resources Research	93.839	344,149
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	2,305,070
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	4,500,902
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	7,340,601
Allergy, Immunology and Transplantation Research	93.855	1,531,644
Biomedical Research and Research Training	93.859	10,216,047
Child Health and Human Development Extramural Research	93.865	1,835,097
Aging Research	93.866	1,734,902
Vision Research	93.867	1,829,524
Medical Library Assistance	93.879	114,378
Grants for Training in Primary Care Medicine and Dentistry	93.884	552,758
Other Federal Assistance	93.999	916,956
		<u>90,253,736</u>
National Institutes of Health:		
Trans-NIH Recovery Act Research Support	93.701	<u>(28,450)</u>
Total National Institutes of Health		<u>(28,450)</u>
Passed-through programs:		
Academic Pediatric Association	93.847	2,042
Albert Einstein College of Medicine	93.226	15,414
Allendale County Hospital	93.912	17,080
American Academy of Child and Adolescent Psychiatry	93.999	7,610
Apogee Biotechnology Corporation	93.999	4,436
Arizona State University	93.859	78,917

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Arkansas Childrens Hospital Research Institute	93.847	\$ 1,013
Baltimore Foundation	93.999	104,833
Benaroya Research Institute	93.855	20,884
Beth Israel Deaconess Medical Center	93.837	46,413
Beth Israel Deaconess Medical Center	93.853	242,158
Bite Technologies, LLC	93.847	14,641
Boston University	93.846	128,021
Brigham and Women's Hospital	93.838	32,001
Brigham and Women's Hospital	93.855	1,014
Brigham and Women's Hospital	93.999	2,000
Case Western Reserve University	93.394	1,490
Case Western Reserve University	93.838	76,099
Case Western Reserve University	93.847	179,225
Cell & Tissue Systems, Inc	93.847	(6,749)
Children's Hospital Medical Center at the University of Cincinnati	93.839	288,076
Children's Hospital Medical Center at the University of Cincinnati	93.846	675
Children's Hospital Medical Center at the University of Cincinnati	93.859	(5,725)
Children's Hospital of Philadelphia	93.395	50,454
Children's Hospital of Philadelphia	93.839	3,964
Children's Hospital of Philadelphia	93.999	2,216
Children's Hospital of Wisconsin	93.837	(807)
Clemson University	93.121	130,398
Clemson University	93.846	(2,583)
Clemson University	93.859	361,276
Clinical Trials and Surveys Corporation	93.999	(125,947)
Communication Disorders Technology, Inc	93.173	103,966
Creighton University	93.121	6,428
Duke University	93.123	1,397
Duke University	93.173	10,127
Duke University	93.184	11,857
Duke University	93.242	16,641
Duke University	93.393	34,849
Duke University	93.837	1,608
Duke University	93.847	17,034
Duke University	93.855	42,801
Duke University	93.999	228,130
Eastern Virginia Medical School	93.394	9,487
Emmes Corporation	93.847	1,884
Emory University	93.516	34,950
Emory University	93.847	3,123
Emory University	93.853	361,265
Emory University	93.865	30,874
Emory University	93.867	2,501
eTect, Inc	93.279	13,438
Evidence Based Practice Institute	93.242	15,656
Georgia Regents University	93.847	9,503
Gynecologic Oncology Group	93.395	106,275
Harvard University	93.855	(139)
Health Research, Inc.	93.077	8,598
Health Research, Inc.	93.393	8,150
Indiana University	93.838	125,120
Jackson Laboratory	93.846	25,432

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Jaeb Center for Health Research, Inc	93.867	\$ 4,407
Johns Hopkins University	93.173	156,609
Johns Hopkins University	93.226	(356)
Johns Hopkins University	93.242	22,745
Johns Hopkins University	93.837	30,046
Johns Hopkins University	93.853	28,502
Johns Hopkins University	93.866	15,839
JT Pharmaceuticals	93.279	7,759
Leidos Biomedical Research, Inc.	93.999	32,793
Leukogene Therapeutics	93.395	59,254
Loyola University Chicago	93.395	859,813
Loyola University Chicago	93.846	90,271
Massachusetts General Hospital	93.213	4,899
Massachusetts General Hospital	93.837	38,731
Massachusetts General Hospital	93.853	4,975
Mayo Clinic	93.999	(12,006)
Mayo Clinic, Jacksonville	93.853	385,223
Mayo Clinic of Rochester	93.242	(3,425)
Medical College of Wisconsin	93.853	31,868
Michigan State University	93.173	607
Miriam Hospital	93.837	10,088
Mitohealth, Inc.	93.113	97,158
Moffitt Cancer Center	93.855	209,264
Morehouse School of Medicine, Inc	93.283	50
Mt. Sinai School of Medicine	93.242	321,108
National Childhood Cancer Foundation	93.395	9,428
National Childhood Cancer Foundation	93.837	(859)
National Marrow Donor Program	93.839	9,228
New England Research Institutes	93.837	27,416
Northshore Long Island Jewish Research Institute	93.242	27
Northwestern University	93.853	10,758
Northwestern University	93.855	43,878
Northwestern University	93.865	8,092
Nubad LLC	93.859	39,302
Omega Optics, Inc.	93.999	34,290
Optima Neuroscience, Inc	93.853	8,370
Oregon Health Sciences University	93.173	31,647
Pediatric Heart Network	93.837	(8,780)
Pennsylvania State University	93.172	5,422
Radiation Therapy Oncology Group	93.395	3,741
Research Institute at Nationwide Childrens Hospital	93.847	1,734
Rutgers University	93.853	76,626
Schnellgen Inc.	93.113	39,535
Shepherd Center	93.999	42,694
South Carolina Cancer Alliance	93.283	37,840
South Carolina Department of Health and Environmental Control	93.531	(21,047)
South West Oncology Group	93.395	21,422
State University of New York at Stony Brook	93.395	24,380
Temple University	93.853	4,859
Temple University	93.999	109,300
Texas A&M University	93.859	23,925
Tufts Medical Center	93.847	201,901

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Tulane University	93.113	\$ 71,285
University of Alabama	93.853	(3,198)
University of Alabama	93.999	1,949
University of Alabama at Birmingham	93.847	194,515
University of Alabama at Birmingham	93.853	(1,733)
University of Alabama at Birmingham	93.999	36,810
University of Arizona	93.999	33,437
University of Buffalo	93.262	7,744
University of California, Irvine	93.853	18,313
University of California at Los Angeles	93.838	793
University of California at San Diego	93.866	(3,342)
University of California, San Francisco	93.838	20,339
University of California, San Francisco	93.853	299,593
University of Cincinnati	93.853	29,265
University of Delaware	93.859	1,027,644
University of Florida	93.361	20,942
University of Florida	93.853	10,858
University of Ibadan	93.310	237,690
University of Illinois at Chicago	93.393	1,639
University of Illinois at Chicago	93.865	211
University of Maryland	93.242	47,784
University of Maryland	93.855	(18,395)
University of Massachusetts	93.226	24,599
University of Medicine and Dentistry of New Jersey	93.853	(1,238)
University of Miami	93.853	21,131
University of Michigan	93.399	4,417
University of Michigan	93.847	83,444
University of Michigan	93.853	904
University of Nebraska	93.077	12,260
University of New Mexico Health Sciences Center	93.847	31,020
University of North Carolina	93.395	15
University of North Carolina	93.396	14,030
University of North Carolina	93.397	71,923
University of North Carolina	93.847	3,739
University of North Carolina	93.945	119,827
University of Oklahoma	93.110	4,313
University of Oklahoma	93.393	3,614
University of Pennsylvania	93.307	82,020
University of Pennsylvania	93.393	18,325
University of Pennsylvania	93.396	711,488
University of Pittsburgh	93.350	94,761
University of Rochester	93.213	30,570
University of Rochester	93.838	13,791
University of South Carolina	93.135	2,263
University of South Carolina	93.155	52,702
University of South Carolina	93.173	307,248
University of South Carolina	93.184	4,713
University of South Carolina	93.236	66,313
University of South Carolina	93.389	214,860
University of South Carolina	93.393	12,595
University of South Carolina	93.531	27,150
University of South Carolina	93.837	21,872



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Year ended June 30, 2015

Federal grantor/pass-through grantor/program title	Federal CFDA number	Federal expenditures
University of South Carolina	93.847	\$ 61
University of South Carolina	93.859	244,540
University of South Carolina	93.865	1,853
University of South Carolina	93.866	7,479
University of South Carolina	93.879	21,850
University of South Carolina	93.999	8,727
University of South Florida	93.847	4,536
University of Texas Health Science Center at Houston	93.307	63,722
University of Texas Health Science Center at Houston	93.853	109,855
University of Texas Southwestern Medical Center	93.847	653,851
University of Toledo	93.837	(2,995)
University of Utah	93.837	194
University of Utah	93.847	29,197
University of Virginia	93.853	302,045
University of Washington	93.838	22,310
University of Waterloo	93.393	(84)
University of Wisconsin	93.172	22,102
Utah State University	93.866	(770)
Vanderbilt University	93.838	58,307
Virginia Commonwealth University	93.867	19,846
Washington University	93.839	4,143
Wayne State University	93.837	11,174
Westat, Inc.	93.999	46,260
Yale University	93.838	28,869
Zumatek, Inc.	93.394	3,066
		<u>11,831,795</u>
ARRA Passed-through programs:		
Audiology, Inc	93.701	<u>1,725</u>
		<u>1,725</u>
Total U.S. Department of Health and Human Services		<u>102,058,806</u>
Other Federal Assistance:		
Passed-through programs:		
Manpower Demonstration Research Corporation	94.999	<u>107,603</u>
Total Other Federal Assistance		<u>107,603</u>
U.S. Department of Homeland Security:		
Passed-through programs:		
South Carolina Emergency Management Division	97.017	54,753
South Carolina Emergency Preparedness Division	97.017	150,304
South Carolina Universities Research and Education Foundation	97.130	1,540,037
State of South Carolina	97.999	<u>25,051</u>
Total U.S. Department of Homeland Security		<u>1,770,145</u>

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Agency for International Development:		
Passed-through programs:		
Johns Hopkins University	98.999	\$ (1,109)
Total Research and Development Cluster		<u>117,256,468</u>
Student Financial Assistance – Cluster:		
U.S. Department of Education:		
Direct programs:		
Federal Supplemental Educational Opportunity Grants	84.007	21,065
Federal Work-Study Program	84.033	203,281
Federal Perkins Loan Program	84.038	52,454
Federal Direct Student Loans	84.268	86,095,946
Federal Pell Grant Program	84.063	204,850
Total U.S. Department of Education		<u>86,577,596</u>
U.S. Department of Health and Human Services:		
Direct programs:		
Nurse Faculty Loan Program	93.264	69,960
Total U.S. Department of Health and Human Services		<u>69,960</u>
Total Student Financial Assistance Cluster		<u>86,647,556</u>
Other Programs:		
U.S. Department of Defense:		
Direct programs:		
U.S. Department of Defense	12.420	1,173,352
Total U.S. Department of Defense		<u>1,173,352</u>
U.S. Department of Justice:		
Direct programs:		
U.S. Department of Justice	16.582	556
Passed-through programs:		
South Carolina Department of Public Safety	16.575	74,228
South Carolina Department of Public Safety	16.588	134,770
South Carolina Department of Public Safety	16.607	3,690
Total U.S. Department of Justice		<u>212,688</u>
Total U.S. Department of Justice		<u>213,244</u>
U.S. Department of Homeland Security:		
Direct programs:		
Assistance to Firefighters Grant	97.044	261,388
Passed-through programs:		
South Carolina Emergency Preparedness Division	97.017	(85,055)
Total U.S. Department of Homeland Security		<u>176,333</u>
National Science Foundation:		
Direct programs:		
National Science Foundation	47.076	130,695

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
Passed-through programs:		
University of South Carolina	47.081	\$ 1,171
Total National Science Foundation		131,866
U.S. Department of Veteran Affairs:		
Direct programs:		
Veteran's Administration Medical Center	64.999	308,456
Total U.S. Department of Veteran Affairs		308,456
Environmental Protection Agency:		
Passed-through programs:		
National Environmental Education and Training	66.999	1,317
Total Environmental Protection Agency		1,317
U.S. Department of Energy:		
Direct programs:		
U.S. Department of Energy	81.136	718,769
		718,769
Passed-through programs:		
South Carolina Universities Research and Education Foundation	81.136	(2)
South Carolina State University	81.999	47,630
		47,628
Total U.S. Department of Energy		766,397
U.S. Department of Education:		
Passed-through programs:		
Charleston County School District	84.999	4,672
Total U.S. Department of Education		4,672
U.S. Department of Health and Human Services:		
Direct programs:		
Health Resources and Services Administration	93.107	379,694
Health Resources and Services Administration	93.124	42,531
Health Resources and Services Administration	93.153	557,184
Health Program for Toxic Substances and Disease Registry	93.161	88,378
Health Resources and Services Administration	93.191	142,910
National Institutes of Health	93.242	51,258
Substance Abuse and Mental Health Services Administration	93.243	1,330,547
Health Resources and Services Administration	93.247	16,672
National Institutes of Health	93.279	514,605
Centers for Disease Control and Prevention	93.283	332,088
Health Resources and Services Administration	93.358	350,000
National Institutes of Health	93.394	4,920
ARRA - Health Resources and Services Administration	93.403	370,307
Health Resources and Services Administration	93.510	452,849
Health Resources and Services Administration	93.513	304,920
CCDF Cluster	93.575	820,361
Centers for Medicare and Medicaid Services	93.611	662,143

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<b>Federal grantor/pass-through grantor/program title</b>	<b>Federal CFDA number</b>	<b>Federal expenditures</b>
ARRA - National Center for Research Resources, Recovery Act		
Construction Support	93.702	\$ 25,784
Health Resources and Services Administration	93.732	152,019
Medical Library Assistance	93.879	(2,215)
Grants for Primary Care Training and Enhancement	93.884	209,298
U.S. Department of Health and Human Services-Other Federal	93.999	9,745
		<u>6,815,998</u>
Passed-through programs:		
National Environmental Education Foundation	93.070	8,148
South Carolina Department of Health and Environmental Control	93.130	14,455
University of South Carolina	93.145	8,587
Allegheny-Singer Research Institute	93.243	80,101
American Psychiatric Association	93.243	5,934
University of South Carolina	93.332	4,840
Children's Trust of South Carolina	93.505	325,762
South Carolina Eat Smart Move More Coalition	93.531	22,075
University of South Carolina	93.531	89,539
Allegheny General Hospital	93.732	15,705
South Carolina Department of Health and Human Services	93.767	9,095
South Carolina Department of Health and Environmental Control	93.917	1,533,349
South Carolina Department of Health and Environmental Control	93.940	8,787
Wake Forest University	93.941	7,705
University of South Carolina	93.969	55,586
South Carolina Department of Health and Environmental Control	93.994	27,231
Center for Public Service Communication	93.999	64,765
IFC Consulting	93.999	14,242
South Carolina Department of Health and Human Services	93.999	(638,998)
University of Maryland	93.999	(75)
		<u>1,656,833</u>
Total U.S. Department of Health and Human Services:		<u>8,472,831</u>
Total Other Programs		<u>11,248,468</u>
Total Federal Expenditures		<u>\$ 215,152,492</u>

\* Denotes a major program.

See accompanying notes to financial statements.

# THE MEDICAL UNIVERSITY OF SOUTH CAROLINA

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

### (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Medical University of South Carolina (the University) and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

### (2) Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for student financial aid programs include the federal share of students' Federal Supplemental Educational Opportunity Grant (FSEOG) program grants and Federal Work Study (FWS) program earnings, certain other federal financial aid for students and administrative cost allowances, where applicable. Federal Pell grant awards are recognized as agency transactions and are not recorded as expenditures in the financial statements.

Expenditures for federal research and development programs are determined using the cost accounting principles and procedures set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

### (3) Non-Cash Assistance

Most federal financial assistance is in the form of cash awards. However, there are a number of federal programs that do not involve cash transactions with the University. These non cash transactions in which the University obtains other assistance are the Federal Direct Student Loan Program, which includes the Federal Direct Stafford Student Loan program (subsidized and unsubsidized) and the Federal Direct Parent Loans for Undergraduate Students (PLUS) and revolving loan programs such as the Federal Perkins Loan program.

The loans advanced and related expenditures are as follows for the various student loan programs:

	<b>CFDA number</b>	<b>Amount</b>
Federal Perkins Loan Program:		
Student loans advanced	84.038	\$ 1,315,697
Cancellation of loans		52,454
Total Federal Perkins Loan Program		<u>\$ 1,368,151</u>
Federal Direct Student Loan Program –		
Student loans advanced:	84.268	
Direct Stafford Loan Program		\$ 1,069,134
Direct Unsubsidized Stafford Loan Program		57,986,662
Federal Direct PLUS Loan Program		520,656
Federal Direct Graduate PLUS Loan Program		26,519,494
Total Federal Direct Student Loan Program		<u>\$ 86,095,946</u>

**THE MEDICAL UNIVERSITY OF SOUTH CAROLINA**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

	<u>CFDA number</u>	<u>Amount</u>
Health Professions Student Loans, including Primary Care Loans/Loans for disadvantaged students:		
Loans advanced	93.264	\$ 1,150,583
Cancellation of loans		<u>77,960</u>
Total Health Professions Student Loans		<u>\$ 1,228,543</u>

The Federal Perkins Loan, the Health Professions Student Loan (HPSL) and the Nurse Faculty Loan (NFLP) programs are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. The balance of loans outstanding under the Federal Perkins, HPSL and Nurse Faculty Loan programs were \$4,863,191, \$6,550,730, and \$1,032,163, respectively, as of June 30, 2015.

The University is responsible only for the performance of certain administrative duties with respect to the guaranteed student loan programs and, accordingly, these loans are not included in its financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University under these programs as of June 30, 2015.

**(4) Matching**

Under the FWS program, the University matched \$65,917 in total compensation for the year ended June 30, 2015 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

Under the FSEOG program, the University matched \$6,489 in funds awarded to students for the year ended June 30, 2015 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

# THE MEDICAL UNIVERSITY OF SOUTH CAROLINA

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

### (5) Subrecipients

Of the federal expenditures presented in the schedule, the University provided federal awards to subrecipients as follows:

Federal granting agency	Federal CFDA number	Amount provided to subrecipients
U.S. Department of Defense:		
Department of Defense	12.RD	\$ 417,334
Total U.S. Department of Defense		<u>417,334</u>
U.S. Department of Justice:		
U.S. Department of Justice	16.RD	<u>125,875</u>
Total U.S. Department of Justice		<u>125,875</u>
National Science Foundation:		
National Science Foundation	47.RD	<u>61,229</u>
Total National Science Foundation		<u>61,229</u>
U.S. Department of Energy:		
U.S. Department of Energy	81.RD	25,721
U.S. Department of Energy – ARRA	81.RD	<u>65,284</u>
Total U.S. Department of Energy		<u>91,005</u>
U.S. Department of Education:		
U.S. Department of Education	84.RD	<u>82,416</u>
Total U.S. Department of Education		<u>82,416</u>
U.S. Department of Health & Human Services:		
U.S. Department of Health & Human Services	93.RD	6,813,583
Pass-through programs from:		
Duke University	93.RD	<u>21,044</u>
Total U.S. Department of Health & Human Services		<u>6,834,627</u>
U.S. Corporation for National and Community Service:		
Pass-through program for:		
Manpower Demonstration Research Corporation	94.RD	<u>8,496</u>
Total U.S. Corporation for National and Community Service		<u>8,496</u>
U.S. Department of Homeland Security:		
Pass-through programs from:		
SC Universities Research & Education Foundation	97.RD	<u>445,173</u>
Total U.S. Department of Homeland Security		<u>445,173</u>
Total Research & Development		<u>\$ 8,066,155</u>



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**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

The Board of Trustees  
The Medical University of South Carolina  
Charleston, South Carolina:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Medical University of South Carolina (the University) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 9, 2015. Our report includes an emphasis of matter paragraph explaining that during fiscal year 2015, the University adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, which resulted in a restatement of beginning net position. Our report includes a reference to other auditors who audited the financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, as described in our report on University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.





Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Atlanta, Georgia  
October 9, 2015



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**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations***

The Board of Trustees  
The Medical University of South Carolina  
Charleston, South Carolina:

**Report on Compliance for Each Major Federal Program**

We have audited the Medical University of South Carolina (the University)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the Medical University Hospital Authority (the Authority), which received \$374,397,760 in federal awards which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Authority because the Authority's federal awards are separately audited in accordance with OMB Circular A-133.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the University as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 9, 2015 which contained an unmodified opinion on those financial statements. Our report includes an emphasis of matter paragraph explaining that during fiscal year 2015, the University adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, which resulted in a restatement of beginning net position. Our report includes a reference to other auditors who audited the financial



statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, as described in our report on University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Atlanta, Georgia  
November 30, 2015

**THE MEDICAL UNIVERSITY OF SOUTH CAROLINA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**(1) Summary of Auditors' Results**

- (a) The type of report issued on the basic financial statements: **Unmodified opinion**
- (b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: **None** Material weaknesses: **None**
- (c) Noncompliance which is material to the basic financial statements: **None**
- (d) Significant deficiencies in internal control over major programs: **None reported** Material weaknesses: **None**
- (e) The type of report issued on compliance for major programs: **Unmodified opinion**
- (f) Any audit findings which are required to be reported under Section 0.510(a) of OMB Circular A-133: **No**
- (g) Major Federal program: **Research and Development Cluster (various CFDA numbers)**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section 0.530 of OMB Circular A-133: **Yes**

**(2) Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Cost Relating to Federal Awards**

None